

TO: Mail Stop 8 Director of the U.S. Patent and Trademark Office P.O. Box 1450 Alexandria, VA 22313-1450	REPORT ON THE FILING OR DETERMINATION OF AN ACTION REGARDING A PATENT OR TRADEMARK
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In Compliance with 35 U.S.C. § 290 and/or 15 U.S.C. § 1116 you are hereby advised
that a court action has been filed in the U.S. District Court San Diego on the following Patents or Trademarks:

DOCKET NO. 09-CV-0001-LAB-JMA	DATE FILED 01/02/2009	U.S. DISTRICT COURT Southern District of California
PLAINTIFF Par Pharmaceutical, Inc.		DEFENDANT Fleming & Company, Pharmaceuticals
PATENT OR TRADEMARK NO.	PATENT OR TRADEMARK NO.	PATENT OR TRADEMARK NO.
1 See complaint	6	11
2 7,404,489	7	12 SOLICITOR
3	8	13 OCT 19 2009
4	9	14 U.S. PATENT & TRADEMARK OFFICE
5	10	15

In the above-entitled case, the following patent(s)/trademark(s) have been included:

DATE INCLUDED	INCLUDED BY <input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading		
PATENT OR TRADEMARK NO.	PATENT OR TRADEMARK NO.	PATENT OR TRADEMARK NO.	PATENT OR TRADEMARK NO.
1	6	11	
2	7	12	
3	8	13	
4	9	14	
5	10	15	

In the above-entitled case, the following decision has been rendered or judgment issued:

DECISION/JUDGMENT <i>attached</i>		
CLERK W. Samuel Hamrick, Jr.	(BY) DEPUTY CLERK <i>A. Garcia</i>	DATE 10/2/09

1 inappropriate under a "clear and convincing evidence" standard of proof. Uncertain,
2 however, that this standard is the right standard for a motion to transfer, the Court invited
3 supplemental briefing from the parties on this question only. Fleming filed a supplemental
4 brief on August 25, 2009, and Par responded on August 27, 2009. (Dkt. Nos. 44-45.)

5 **II. (Uncontested) Legal Standards**

6 Title 28 U.S.C. § 1404(a) provides "[f]or the convenience of parties and witnesses, in
7 the interest of justice, a district court may transfer any civil action to any other district or
8 division where it might have been brought." Regional circuit law governs motions to transfer
9 venue in patent cases, *In re TS Tech USA Corp.*, 551 F.3d 1315, 1318 (Fed. Cir. 2008), and
10 in the Ninth Circuit courts decide motions to transfer under § 1404 on a case-by-case basis.
11 *Jones v. GNC Franchising, Inc.*, 211 F.3d 495, 498 (9th Cir. 2000) (internal quotations
12 omitted). "It is simply the case that much is left by [§ 1404] to the discretion of the trial
13 judge." 15 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 3847
14 (3d Ed. 2009). See also *Commodity Futures Trading Comm'n v. Savage*, 611 F.2d 270, 279
15 (9th Cir. 1979).

16 *Jones* identified multiple factors a court may consider in determining whether transfer
17 is appropriate, including: (1) the state that is most familiar with the governing law; (2) the
18 plaintiff's choice of forum; (3) the respective parties' contacts with the forum; (4) the contacts
19 relating to the plaintiff's cause of action in the chosen forum; (5) the differences in the costs
20 of litigation in the two forums; (6) the availability of compulsory process to compel
21 attendance of unwilling non-party witnesses; and (7) the ease of access to sources of proof.
22 *Jones*, 211 F.3d at 498-99.

23 **III. Discussion**

24 At oral argument, the Court elaborated its reasons for finding each *Jones* factor to cut
25 (if at all) either in favor of or against transfer. It will go through that analysis here, and then
26 take up the standard of proof question on which it invited additional briefing.

27 //

28 //

1 **A. Familiarity with Governing Law**

2 Par argues that this case should be heard in this district because there are California
3 claims involved. That somewhat mistakes the law. "A *diversity* case should be litigated 'in
4 a forum that is at home with the law that must govern the action.'" *Costco Wholesale Corp.*
5 *v. Liberty Mut. Ins. Co.*, 472 F.Supp.2d 1183, 1190 (S.D.Cal. 2007) (emphasis added)
6 (quoting *Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir. 1986)).
7 But this isn't a diversity case. It is in federal court because two of Par's claims arise under
8 federal law; the California claims are supplemental.¹ "[W]here a federal court's jurisdiction
9 is based on the existence of a federal question, as it is here, one forum's familiarity with
10 supplemental state law claims should not override other factors favoring a different forum."
11 *Foster v. Nationwide Mut. Ins. Co.*, No. 07-04928, 2007 WL 4410408, at *6 (N.D.Cal. Dec.
12 14, 2007) (transferring case arising under federal and California law to Ohio).

13 Very few of the cases Par cites are on point. Two of them, *SDMS v. Rocky Mountain*
14 *Chocolate Factory*, No. 08 CV 833, 2008 WL 4838557 (S.D.Cal. Nov. 6, 2008), and *Util.*
15 *Consumers' Action Network v. Sprint Solutions, Inc.*, No. 07 CV 2231, 2008 WL 1946859
16 (S.D.Cal. April 25, 2008), don't even involve motions to transfer, and merely show that
17 federal courts in California have heard (not that they *must* hear) unfair competition claims
18 arising under California law. Others – *Getz v. Boeing*, 547 F.Supp.2d 1080 (N.D.Cal. 2008)
19 (a products liability case), *Costco* (action against insurer alleging breach of a contractual duty
20 to defend), *Jones* (breach of a franchise agreement)², and *Trademasters Int'l, Inc. v. Borer*,

21
22 ¹ In its original complaint, QOL based this Court's jurisdiction exclusively on 28 U.S.C.
23 §§ 1331 (federal question) and 1338(a) (exclusive jurisdiction in patent cases). (Doc. No.
24 1 ¶ 5.) When Par came into the case and filed a first amended complaint it based
25 jurisdiction over the federal claims on 28 U.S.C. 13331 and 1338(a) and jurisdiction over the
26 California claims on 28 U.S.C. § 1332(a) (diversity), 28 U.S.C. § 1338(b) (claims of unfair
competition joined with substantial and related claims under the patent laws), and 28 U.S.C.
§ 1367(a) (supplemental jurisdiction). (Doc. No. 33 ¶¶ 5-9.) Apparently, Par had the benefit
of reading Fleming's initial motion to transfer and adjusted its jurisdiction statement
accordingly.

27 ² Par's reliance on *Jones* is especially misplaced. Not only did the plaintiff in *Jones*
28 bring only state law claims, but the district court (the Central District of California) did not
even list its greater familiarity with the substantive state law in denying the defendants'
motion to transfer.

1 687 F.Supp. 434 (N.D.Ill. 1988) (a breach of contract case) – did not involve any federal
2 claims.³ In fact, Par cites only two cases in which federal *and* state law claims were in play.
3 In one of them – *Grooms v. Legge*, No. 09 CV 489, 2009 WL 1456622 (S.D.Cal. May 22,
4 2009) – a large majority of the claims (15 in total) arose under state law, and defendants
5 moved to transfer only from one district in California to another. The other case – *NBA*
6 *Properties, Inc. v. Salvino*, No. 99-11799, 2000 WL 323257 (S.D.N.Y. Mar. 27, 2000) – is
7 the best Par has. The plaintiff in *NBA Properties* brought (in the Southern District of New
8 York) one claim for unfair competition under the Lanham Act and two claims for unfair
9 competition under New York law. The court did hold that its familiarity with New York law
10 favored retention of the case over transfer to the Central District of California.

11 Still, Fleming has the better argument here. This case is in federal court because
12 claims arising under federal law are at the heart of it, and the Court's greater familiarity with
13 supplemental claims arising under California law is not enough reason to retain it. The
14 Court's familiarity with California law does not weigh against transferring this case to
15 Missouri. *This Jones factor is neutral.*

16 **B. Par's Choice of Forum**

17 As a general matter, a plaintiff's choice of forum is entitled to some deference.
18 *Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir. 1986) ("The
19 defendant must make a strong showing of inconvenience to warrant upsetting the plaintiff's
20 choice of forum."); *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508 (1947) ("[U]nless the balance
21 is strongly in favor of the defendant, the plaintiff's choice of forum should rarely be
22 disturbed.").

23 In addition, "[i]f the operative facts have not occurred within the forum of original
24 selection and that forum has no particular interest in the parties or the subject matter, the
25 plaintiff's choice is entitled only to minimal consideration." *Pacific Car & Foundry Co. v.*

27 ³ The defendants in *Getz v. Boeing* did raise certain federal defenses, but the
28 plaintiffs' claims arose under state law. The plaintiffs were survivors (and heirs of non-
survivors) of a helicopter crash in Afghanistan who alleged that the helicopter was defectively
designed, assembled, manufactured, inspected, tested, marketed, and sold.

1 *Pence*, 403 F.2d 949, 954 (9th Cir. 1968). *See also Saleh v. Titan Corp.*, 361 F.Supp.2d
2 1152, 1157 (S.D.Cal. 2005) ("numerous courts have given less deference to the plaintiff's
3 choice of forum where the action has little connection with the chosen forum"); *Getz*, 547
4 F.Supp.2d at 1083 (finding plaintiff's choice of forum was entitled "only to minimal
5 deference"); *NBA Properties*, 2000 WL 323257 at *9 ("plaintiff's choice is generally accorded
6 more deference where there is a material connection . . . between the forum state and the
7 events allegedly underlying the claim or where the plaintiff is a resident of the forum district")
8 (internal quotations omitted).

9 Par is a Delaware company with its principal place of business in New Jersey.
10 Fleming is incorporated and based in Missouri. Neither party in this case is a resident of the
11 Southern District of California. Moreover, this is at core a patent infringement case, and
12 there is no allegation that the alleged infringement occurred in the Southern District of
13 California. The connection between the parties, this case, and the Southern District of
14 California are independent factors to be taken into account under *Jones*, and they will be
15 discussed in greater detail below, but for the purposes of assessing the weight to be given
16 to Par's forum choice they are not helpful, one way or another. Par's decision to file this
17 case in the Southern District of California is entitled to minimal deference. *This Jones factor*
18 *cuts very slightly in favor of Par.*

19 **C. The Parties Contacts with the Southern District of California**

20 Neither party to this case is either incorporated or does business principally in
21 California. Indeed, the parties' contacts with the Southern District of California are minimal,
22 and by themselves they constitute no reason to keep this case in this district, although the
23 more important consideration is the next one – whether the Southern District of California
24 is the locus of the operative facts in this case. *This Jones factor is neutral.*

25 **D. The Connection between the Cause of Action and the Chosen Forum**

26 The locus of operative facts in a case is an important factor in determining where it
27 ought to be tried, or, in this instance, whether it ought to be transferred. Here, three of Par's
28 four claims have a California connection: its Lanham Act claim for false advertising and its

1 unfair competition claims under California law. At the same time, these claims are
2 secondary to Par's patent infringement claim that is driving its lawsuit, and the alleged
3 infringement took place in Missouri.⁴ It is in Missouri that CaloMist was researched and
4 developed by Fleming, and it is in Missouri that it's manufactured. Further, Fleming's base
5 of operations is in Missouri.

6 Presumably, this case could have been filed anywhere that CaloMist is marketed and
7 sold and potentially infringes on or muddles the market for Par's product Nascobal. Certainly
8 Par didn't *have* to file it here. Its stated reasons for doing so, however, are as follows:

- 9 • Fleming's New Jersey-based sales company has maintained
10 three representatives in California (but none as of November
2008). (Love Decl. ¶ 6.)
- 11 • Fleming bulk shipped CaloMist to California 8 times between
12 December 2007 and May 2009 (representing 10 percent of its
national sales). (Love Decl. ¶ 9.)
- 13 • Fleming intends to continue selling CaloMist in California.
14 (Patino Decl. Exs. G & H.)
- 15 • Fleming uses its popular Ocean® brand of over-the-counter
16 products, widely distributed in California, to promote CaloMist.
- 17 • California is an important pharmaceutical market (largely
18 because of its size), vital to the success of Par's product
Nascobal, and the site of much confusion and misinformation
about Nascobal because of Fleming's allegedly infringing
product CaloMist.

19 Fleming, insisting that it is really patent infringement that is at the heart of this case, makes
20 the sensible rebuttal that the real action in this case took place, and is taking place, in
21 Missouri. It is also, it argues, hardly a major presence in California.

22 In patent cases, the location of the operative facts is where the allegedly infringing
23 product was designed and produced, or where some of the alleged consequential damage
24 was done. "The locus of operative facts in patent infringement cases usually lies where the
25

26
27 ⁴ To be fair, at oral argument counsel for Par represented that it has alleged
28 infringement in California, too, on the grounds that CaloMist has been prescribed here. Be
that as it may, this allegation is not unique to this District and certainly is not unique to
California. The Court strikes its statement, on page 38 of the hearing transcript, "I find that
infringement also is taking place in California."

1 allegedly infringing product was designed, developed, and produced.” *Neil Bros.*, 425
2 F.Supp.2d at 331. See also *Walker v. Jon Renau Collection, Inc.*, 423 F.Supp.2d 115, 118-
3 119 (S.D.N.Y. 2005) (giving greater weight to site of design, development, and manufacture
4 of infringing products than site of their sale in adjudicating motion to transfer); *S.C. Johnson*
5 & *Son, Inc. v. The Gillette Co.*, 571 F.Supp. 1185 (N.D. Ill. 1983) (“The trier of fact ought to
6 be as close as possible to the milieu of the infringing device and the hub of activity centered
7 around its production.”). “Where a party’s products are sold in many states, sales alone are
8 insufficient to establish a material connection to the forum and to override other factors
9 favoring transfer.” *Invivo Research, Inc. v. Magnetic Resonance Equip.*, 119 F.Supp.2d
10 433, 439-40 (S.D.N.Y. 2000).⁵

11 The connection between this case and California is minimal, notwithstanding Par’s
12 stated reasons for bringing this case in this District. California has no connection to the
13 underlying alleged patent infringement, and the law is pretty clear that, in patent cases, the
14 site of infringement is more important to a venue determination than the site of sales. It is
15 true that Par alleges state claims for unfair competition and a federal claim for
16 false/misleading advertising in California, but that may reflect a strategic choice about where
17 to try to litigate this case more than a real need to vindicate interests and losses in California
18 particularly. The link between the operative facts of this case and California is not a
19 significant reason to keep it in the Southern District of California. This *Jones* factor favors
20 transfer.

21 E. Costs of Litigation in the Two Forums

22 In *Costco*, this Court noted that “[b]oth plaintiff and defendant are large corporations
23 capable of litigating in virtually any federal district court in the country,” and also that whether
24

25 ⁵ Par also cites a New York case, *NBA Properties*, which held that “[i]n an action for
26 trademark infringement and unfair competition, the initial forum is the locus of the operative
27 facts if the allegedly infringing products are sold in that forum, even though the defendant
28 manufactures the allegedly infringing product in the transferee forum.” *NBA Properties* at
* 4. Not only is this a trademark case rather than a patent case, but there is simply more
case law for the proposition that the site of an alleged infringement is more venue-
determinative than the site of an infringing product’s sale. See *Fuji Photo Film Co., Ltd. v.*
Lexar Media, Inc., 415 F.Supp.2d 370, 375 (S.D.N.Y. 2006).

1 the case stayed where it was filed or was transferred “both parties will incur the costs of
2 litigating away from their respective domiciles.” *Costco*, 472 F.Supp.2d at 1193. While Par
3 and Fleming are big pharmaceutical companies with no apparent barriers to litigating
4 wherever they need to, the Eastern District of Missouri is Fleming’s principal place of
5 business and its place of incorporation. Par has no such connection to the Southern District
6 of California. Although the Court is not convinced that litigating this case outside of Missouri
7 will prove financially onerous for Fleming, this *Jones* factor cuts slightly in favor of transfer.

8 **F. Convenience of the Witnesses**

9 The convenience of witnesses is often the most important factor in deciding whether
10 to transfer an action. *Getz*, 547 F.Supp.2d at 1083. See also *Neil Bros.*, 425 F.Supp.2d at
11 329. The moving party, in this instance Fleming, must be specific in advancing the argument
12 that a forum is inconvenient for its witnesses: It must name them, state their location, and
13 explain their testimony and its relevance to the case. *Id.* See also *Royal & Sunalliance v.*
14 *British Airways*, 167 F.Supp.2d 573, 577 (S.D.N.Y. 2001) (party seeking transfer “must
15 clearly specify the key witnesses to be called and must make a general statement of what
16 their testimony will cover”). The Court must “qualitatively evaluate the materiality of the
17 testimony that the witnesses may provide”; the analysis is not a simple matter of tallying the
18 number of witnesses each side has within close proximity of the venues at issue. *Herbert*
19 *Ltd. P’ship v. Elec. Arts Inc.*, 325 F.Supp.2d 282, 286 (S.D.N.Y. 2004). See also *Costco*,
20 472 F.Supp.2d at 1193.

21 Fleming argues primarily that five of its Missouri employees, ranging from its
22 President to a Laboratory Services Manager, will likely testify in this case, and that it would
23 be inconvenient for them to travel to California to do so. Courts, however, discount any
24 inconvenience to parties’ employees because they can be compelled to testify. *Getz*, 547
25 F.Supp.2d at 1084; *Costco*, 472 F. Supp.2d at 1194; *Kina v. United Air Lines, Inc.*, No. 08-
26 4358, 2008 WL 5071045 at * 6 (N.D.Cal. 2008) (“It is the convenience of non-party
27 witnesses, rather than that of employee witnesses, however, that is the more important
28 factor and is accorded greater weight.”) (internal quotations omitted). In addition, Fleming

1 says employees of its contract sales organization inVentiv Health “may” be called to testify,
2 but they are not named and their testimony is not even a certain. They cannot factor heavily
3 into this analysis.

4 That leaves Fleming with one former employee who now lives in Oregon and four
5 named inventors of the ‘489 patent that is at issue, two of whom live in New York, one of
6 whom lives in New Jersey, and one of whom lives in Washington. Each of these individuals
7 – essentially three on the East Coast and two in the Pacific Northwest – is beyond the
8 subpoena power of both the Southern District of California and the Eastern District of
9 Missouri. Fed. R. Civ. P. 45. The aggregate convenience gains for these individuals in
10 moving this case to the Eastern District of Missouri are minimal.

11 The location of Par’s witnesses doesn’t add much to the analysis. Par asserts,
12 speculatively, that “key testimony regarding [its] Lanham Act and unfair competition claims
13 will come from medical professionals residing in this state and District who have prescribed
14 Nascobal or CaloMist.”⁶ (Opp’n Br. at 12.) (Par appears to have merely reviewed a list of
15 area physicians who have prescribed Calomist or Nascobal and from that review jumped to
16 the conclusion that it has witnesses in this district.) In addition, employees of QOL and
17 patent lawyers familiar with the ‘489 patent, both of whom may testify, live in Washington,
18 where QOL’s business operations are located.

19 In the final analysis there is a slight convenience edge to transferring this case to the
20 Eastern District of Missouri. With witnesses in Washington, New York, New Jersey, Missouri
21 (whose travel burdens the Court must discount), and potentially California (if Par has specific
22 medical professionals in mind), the most the Court could accomplish by transferring this case
23 is to shave off a few hours of a few witnesses’ travel time. However, Fleming’s employee
24 witnesses are in Missouri, and the Court merely discounts, rather than disregards entirely,
25 the inconvenience to them of traveling to California.

26
27 ⁶ Fleming, in all fairness, points out that in a 2008 letter QOL sent to the Food and
28 Drug Administration, the physicians it identified as competent to substantiate QOL’s
complaints about CaloMist were located in Mississippi, Kentucky, Tennessee, and South
Africa. (Reply Br. at 6.)

G. Access to Proof

"In patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer. Consequently, the place where the defendant's documents are kept weighs in favor of transfer to that location." *In re Genentech, Inc.*, 566 F.3d 1338, 1391 (Fed. Cir. 2009). Fleming represents that the "vast majority" of its documentation relating to the research, testing, manufacture, marketing, and sale of CaloMist is located in or near its Missouri headquarters. (Love Decl. ¶ 5.) While it is true that Fleming doesn't articulate how difficult it might be to transport these documents to California, or just how relevant these documents are to the case, it's sensible to believe that it would be a substantial convenience to not have to transport them. This *Jones* factor cuts in favor of transfer.

H. Congestion of the Venues

In addition to the factors listed in *Jones*, courts also consider "the relative docket congestion of the current forum and the transferee district." *Costco*, 472 F.Supp.2d at 1196. The median time from filing to trial in 2008 was 21.4 months in the Eastern District of Missouri and 25.5 months in the Southern District of California. (See Gado Decl., Exs. A & B.) In addition, the median time from filing to disposition in a civil case was 7.0 months in the Eastern District of Missouri and 6 months in the Southern District of California." (*Id.*)

But these figures do not tell the whole story. Unlike the Eastern District of Missouri, the Southern District of California is a border district with an overwhelming criminal docket. In 2008, the Southern District of California ranked 4th nationwide in criminal felony filings, and had more than three times as many filings as the Eastern District of Missouri, which ranked 23rd.⁷

This *Jones* factor slightly favors transfer.

I. Other Considerations

Par maintained at oral argument that, should the Court transfer this case, it would withdraw its state claims and re-file them, in a separate action, in California. The Court

⁷ The Court takes this data from the Judicial Caseload Profiles submitted by Fleming with its motion. (Dkt. No. 34-4 at 3-5.)

1 agrees with counsel for Fleming that this possibility – regardless of whether Fleming could
2 dismiss the claims as duplicative, or remove and transfer them if this case is transferred –
3 should not influence its present decision. For the same reasons, the Court will not consider
4 the action Fleming has filed against Par, under seal, in the Eastern District of Missouri, that
5 could potentially be consolidated with this case were the Court to transfer it. To take this
6 sealed action into consideration would require the Court to assess its substantive merits,
7 taking it too far afield from its present task.

8 J. Summary of Analysis

9 Of the eight factors considered, the Court finds that two – the Court's familiarity with
10 California law and the parties' contacts with the Southern District of California – weigh
11 neither in favor of transfer or retention. Of the remaining six, only one favors Par: its choice
12 to file the lawsuit here. On the other hand, the costs of litigation, the convenience of the
13 witnesses, and the congestion of the venues slightly favor transfer. The connection between
14 Par's cause of action and the Eastern District of Missouri, and the availability of evidence in
15 the Eastern District of Missouri, more than slightly favor transfer. Still, the Court considered
16 it a close call at the conclusion of oral argument on the grounds Fleming had not shown
17 transfer to be appropriate by "clear and convincing evidence." The parties have submitted
18 additional briefing on whether this is, in fact, the appropriate standard of proof, and it is to
19 this question that the Court now turns.

20 IV. Standard of Proof

21 At the conclusion of oral argument, the Court found, preliminarily, that under a
22 "clear and convincing" standard, or any comparable standard, transfer of this case to the
23 Eastern District of Missouri is unwarranted. Fleming, however, disputes that any such
24 standard is the right one. The core of Fleming's argument, well-articulated in a supplemental
25 brief invited by the Court, is that the Court has more latitude to transfer a case under § 1404
26 than dismiss a case under the doctrine of *forum non conveniens*, and the "clear and
27 convincing" (or "strong showing") standard descends specifically from the *forum non*
28 *conveniens* context. "Transfer under Section 1404," says Fleming, "should be more freely

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CLERK US DISTRICT COURT
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7
8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
10

11 QOL MEDICAL, LLC, a Delaware limited
liability company,

12 Plaintiff,

13 v.

14 FLEMING & COMPANY,
15 PHARMACEUTICALS, a Missouri
corporation,

16
17 Defendants.
18
19
20

CASE NO. '09 CV 0001 LAB JMA

COMPLAINT FOR PATENT
INFRINGEMENT, CALIFORNIA
STATUTORY UNFAIR COMPETITION,
AND COMMON LAW UNFAIR
COMPETITION

DEMAND FOR JURY TRIAL

21 Plaintiff QOL Medical, LLC ("QOL" or "Plaintiff") complains of defendant Fleming &
22 Company, Pharmaceuticals ("Fleming" or "Defendant") as follows:

23 **PARTIES**

24 1. Plaintiff QOL is a Delaware limited liability company with its principal place of
25 business at 4861 North Highway A1A, Vero Beach, FL 32963. QOL is engaged in the business
26 of developing and commercializing pharmaceutical products, including a nasal spray for the
27 delivery of vitamin B₁₂.
28

1 granted than a finding of *forum non conveniens* under the old rule, because the latter
2 imposed the more draconian measure of dismissal – as contrasted with relocation – of the
3 action.” Moreover, two of the cases the Court purported to rely on at oral argument for a
4 “clear and convincing” standard – *Getz v. Boeing Co.* and *Neil Bros. Ltd. v. World Wide*
5 *Lines, Inc.* – Fleming maintains “trace their roots to common law *forum non conveniens*” and
6 are therefore somewhat inapplicable.

7 Par doesn’t dispute that the Court has greater discretion to transfer a case under §
8 1404, but insists this “has nothing to do with the standard the movant must meet.” The Court
9 disagrees. As the Supreme Court explained in *Norwood v. Kirkpatrick*, 349 U.S. 29 (1955),
10 “[W]e believe that Congress . . . intended to permit courts to grant transfers [pursuant to §
11 1404] upon a *lesser showing of inconvenience*. This is not to say that the relevant factors
12 have changed or that the plaintiff’s choice of forum is not to be considered, but only that the
13 discretion to be exercised is broader.” *Id.* at 31 (emphasis supplied). As the Court reads
14 *Norwood*, “a lesser showing of inconvenience” refers to the applicable § 1404 standard.
15 Contrary to what Par argues, then, the Court’s broader discretion to transfer a case pursuant
16 to § 1404 does have something to do – as logic suggests it should -- with the standard
17 Fleming must meet to convince this Court to transfer this case. Because the Court
18 appreciates the distinction Fleming draws between § 1404 transfers and *forum non*
19 *conveniens* dismissals, it also appreciates Fleming’s critique of *Getz* and *Neil Bros* as less
20 worthy of the Court’s unquestioning reliance than it initially thought.

21 Beyond the § 1404 - *forum non conveniens* distinction that Fleming persuasively
22 draws, the Court is genuinely confused by cases holding that a party seeking transfer must
23 make a “strong showing of inconvenience,” or satisfy some equivalent standard, to “upset”
24 or “disturb” a plaintiff’s choice of forum. That principle appears to trace its origins to *Gulf Oil*
25 *Corp. v. Gilbert*, 330 U.S. 501 (1947), a *forum non conveniens* case. *Id.* at 508 (“But unless
26 the balance is strongly in favor of the defendant, the plaintiff’s choice of forum should rarely
27 be disturbed.”). Since *Gulf Oil*, however, the plaintiff’s choice of forum has evolved to be one
28 among many factors a court must weigh in considering a motion to transfer under § 1404.

1 As a result, it simply isn't clear whether the "strong showing" principle, to the extent it is
2 repeated in recent cases, relates to a categorical standard under § 1404 (Par's position)⁸ or
3 applies, more minimally, only when the plaintiff's choice of forum is presumptively entitled
4 to deference, which in this case it is not (Fleming's position). There is also a third option,
5 which is that the principle guides a court's weighing of the plaintiff's choice of forum as *one*
6 *of many factors* to be considered in deciding a motion to transfer under § 1404.

7 There are numerous cases in which this confusion arises, all of them cited by Par in
8 its supplemental brief. See *Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834,
9 843 (9th Cir. 1986) ("*F*orum non conveniens considerations are helpful in deciding a § 1404
10 transfer motion . . . The defendant must make a strong showing of inconvenience to warrant
11 upsetting the plaintiff's choice of forum."); *E. & J. Gallo Winery v. F. & P. S.p.A.*, 899
12 F.Supp. 465, 466 (E.D.Cal. 1994) ("Unless the balance of conveniences is strongly in favor
13 of the defendant, plaintiff's choice of forum should not, or should rarely, be disturbed.");
14 *Mathis v. County of Lyon*, No. 2:07-CV-628, 2007 WL 3230142 at *1 (D.Nev. 2007) ("When
15 a court evaluates a § 1404(a) motion, the plaintiff's choice of forum is 'entitled to 'paramount
16 consideration' and the moving party must show that a balancing of interests weighs heavily
17 in favor of transfer."); *Atlantic Recording Corp. v. Project Playlist, Inc.*, 603 F.Supp.2d 690,
18 695 (S.D.N.Y. 2009) ("[T]he district court generally should disturb the plaintiff's choice of
19 forum only if, on balance, the following [nine] factors [one of which is the weight afforded
20 plaintiff's choice of forum] clearly favor transfer");

21 Par does cite other cases, however, in which a heightened standard for transferring
22 cases under § 1404 isn't so entangled with the deference, if any, to be afforded a plaintiff's
23 choice of forum. See *Dorfman v. Jackson*, No. C 05-1791, 2005 WL 2176900 at *4
24 (N.D.Cal. Sept. 1, 2005) ("The party requesting the transfer has the burden of showing a
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28 ⁸ In other words, "upset a plaintiff's choice of forum" is simply synonymous with
"transfer the case".

1 'clear balance of inconveniences' against it if the action remains in the original venue.")⁹; *In*
 2 *re Genentech*, 566 F.3d at 1342 ("A motion to transfer venue should be granted upon a
 3 showing that the transferee venue 'is clearly more convenient' than the venue chosen by the
 4 plaintiff."); *USA Labs, Inc. v. Bio-Engineered Supplements & Nutrition, Inc.*, No. 09 CV 47,
 5 2009 U.S. Dist. LEXIS 37797 at *2 (E.D.Va. May 4, 2009) ("Recognizing that transfer under
 6 Section 1404(a) overrides a plaintiff's choice of forum, courts have imposed a heavy burden
 7 on those who seek transfer and a court will not order transfer unless the balance is strongly
 8 in favor of the defendant.")¹⁰.

9 The Court is surprised by Par's invocation of *USA Labs*, however, especially to rebut
 10 Fleming's "fall back position . . . that this 'heavy burden' somehow applies only in cases
 11 where the plaintiff resides in the chosen forum" The court in *USA Labs* in fact
 12 recognized that "the plaintiff's choice of forum is not entitled to substantial weight if the
 13 chosen forum is not the plaintiff's home forum, and the cause of action bears little or no
 14 relation to the chosen forum," and it went on to explain that

15 [t]he center of the accused activity in a patent infringement
 16 action is typically where the infringing product was designed or
 17 manufactured, particularly since a claim for patent infringement
 18 arises upon the making of the accused product, without the need
 19 for an infringing sale or even placing the accused product into
 20 the stream of commerce. *USA Labs*, 2009 U.S. Dist. LEXIS
 21 37797 at *4.

22 *USA Labs* was a trademark infringement case, which is largely why the plaintiff's forum
 23 choice was afforded some deference and the court declined to "lessen the burden imposed
 24 on a foreign defendant to justify transfer under § 1404(a). *Id.* "Unlike a patent infringement
 25 case, where the infringement often predates the sale of the products, infringement in
 26 trademark cases only occurs once the allegedly infringing products are injected into the
 27 stream of commerce and a likelihood of confusion can be demonstrated." *Id.*

28 ⁹ *Dorfman* cites *Futures Trading Comm'n v. Savage*, 611 F.2d 270, 279 (9th Cir. 1979)
 for the "clear burden of inconveniences" language, but the Court does not find those words
 anywhere in the decision.

¹⁰ The Court finds the introductory phrasing of the standard in *USA Labs*
 ("Recognizing that transfer under Section 1404(a) overrides a plaintiff's choice of
 forum . . .") less problematic than the other articulations of the standard quoted above.

1 In the final analysis, both Par and Fleming have it wrong, perhaps with an assist from
2 the Court for asking for a standard in the first place. There simply is no one standard – firm,
3 precise, and clear – discernable from the voluminous case law that can be applied
4 universally to motions to transfer under § 1404. So it must be with any decision that
5 “involves subtle considerations and is best left to the discretion of the trial judge.” *Savage*,
6 611 F.2d at 279; see also *Coffey v. Van Dorn Iron Works*, 796 F.2d 217, 219 (7th Cir. 1986)
7 (“The weighing of factors for and against transfer necessarily involves a large degree of
8 subtlety and latitude, and, therefore, is committed to the sound discretion of the trial judge.”).
9 Certainly, however, the Court cannot just shift the inconvenience of litigating a case from one
10 party to another. See *Van Dusen v. Barrack*, 376 U.S. 612, 646 (1964) (“Section 1404(a)
11 provides for transfer to a more convenient forum, not to a forum likely to prove equally
12 convenient or inconvenient.”).

13 The many cases cited by Par are vulnerable to the objection that they presume a
14 plaintiff’s choice of forum is entitled to substantial deference, which is not the case here, or
15 that they inadequately apprehend the distinction between a § 1404(a) transfer and a *forum*
16 *non conveniens* dismissal. For Fleming’s part, however, just because less of a showing of
17 inconvenience is required for a § 1404 transfer does not mean the reasons supporting a
18 transfer need merely tip the balance on the scale of the *Jones* factors. The Court
19 appreciates Fleming’s citation of *Ventress v. Japan Airlines*, in which the Ninth Circuit held
20 that “[w]eighing of the factors for and against transfer involves subtle considerations and is
21 best left to the discretion of the trial judge.” *Ventress v. Japan Airlines*, 486 F.3d 1111, 1118
22 (9th Cir. 2007). While that statement might make clear that there is no categorical “clear and
23 convincing” standard that applies to § 1404 motions to transfer, it does not make clear what
24 the lesser standard is. Certainly, *Ventress* (which merely quotes *Savage*) does not stand
25 for the rule that transfer is automatic whenever the *Jones* factors so much as tilt in the
26 moving party’s favor.

27 However, mindful of the discretion it has in deciding Fleming’s motion to transfer, and
28 guided by the rule that it cannot merely transfer a case from one inconvenient venue to

1 another, the Court is willing to transfer this case. Of the seven *Jones* factors (and also the
2 relative congestion of the contending venues), the Court found that only one favored Par,
3 and only slightly so. Either that is a clear and convincing reason to grant transfer in the first
4 instance, or else a categorical "clear and convincing" standard is inappropriate for the
5 reasons persuasively articulated by Fleming.

6 **V. Conclusion**

7 The Court appreciates the parties' thorough briefing on this matter and thanks them
8 for their patience in awaiting this ruling. Fleming's motion to transfer is **GRANTED**.
9 Consistent with the Court's Order entered June 9, 2009 (Dkt. No. 38), Fleming has 20 days
10 to respond to Par's first amended complaint once this case is docketed in the Eastern District
11 of Missouri.

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13 **IT IS SO ORDERED.**

14 DATED: September 18, 2009

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16 HONORABLE LARRY ALAN BURNS
17 United States District Judge
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1 2. QOL is informed and believes, and on that basis alleges, that defendant Fleming is
2 a corporation organized and existing under the laws of Missouri with its principal place of
3 business at 1733 Gilsinn Lane, Fenton, MO 63026, and is in the business of manufacturing and
4 selling pharmaceutical products, including a nasal spray for the delivery of vitamin B₁₂.

5 3. QOL is informed and believes, and on that basis alleges, that defendant Fleming
6 conducts business throughout the State of California, including in the Southern District of
7 California, and has committed the acts complained of in this District and elsewhere. As a
8 consequence, defendant Fleming resides in this District under 28 U.S.C. § 1391(c).

9 **JURISDICTION AND VENUE**

10 4. This action arises under the patent laws of the United States, Title 35 of the United
11 States Code. This Court has subject-matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338
12 (a).

13 5. QOL is informed and believes, and on that basis alleges, that venue is proper under
14 28 U.S.C. §§ 1391(b) and 1391(c), as well as 28 U.S.C. § 1400(b), in that defendant Fleming has
15 placed infringing product in the stream of commerce, with the intent that such infringing product
16 be purchased by California citizens, and has purposefully availed itself of the benefits of the
17 California forum by: (i) selling infringing product directly to California citizens, (ii) seeking sales
18 of its infringing products and development partners in California through its interactive website,
19 and (ii) selling infringing product to distributors with the full knowledge that these distributors
20 would and do, in turn, offer the infringing product for sale to California citizens.

21 **ALLEGATIONS FOR ALL CLAIMS FOR RELIEF**

22 6. In January 2006, QOL's prescription nasal spray known as Nascobal® became
23 available for prescription by doctors in the United States. Nascobal® is a nasal spray containing
24 a synthetic form of vitamin B₁₂ that is self-administered intranasally by a patient one time per
25 week. Nascobal® delivers a dosage that is quickly absorbed into the blood stream and provides
26 steady levels of vitamin B₁₂. This spray-based treatment offers patients in need of vitamin B₁₂
27 therapy an attractive and effective alternative to intramuscular injections. QOL has expended
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1 significant funds to both market its spray-based vitamin B₁₂ therapy, and to establish awareness in
2 the medical community regarding its benefits over intramuscular treatments.

3 7. On July 29, 2008, the United States Patent and Trademark Office duly and
4 lawfully issued U.S. Patent No. 7,404,489 entitled "Cyanocobalamin Low Viscosity Aqueous
5 Formulations For Intranasal Delivery" (the "'489 patent"). Among other things, the '489 patent
6 covers spray-based vitamin B₁₂ treatments such as are offered by the Nascobal® nasal spray.
7 QOL is the owner by assignment of the '489 patent. A copy of the '489 patent is attached hereto
8 as Exhibit A.

9 8. In December 2007, defendant Fleming began marketing a prescription-only nasal
10 spray to treat vitamin B₁₂ deficiencies known as CaloMist™.

11 9. QOL is informed and believes, and on that basis alleges, that the CaloMist™ nasal
12 spray marketed by defendant Fleming is covered by the '489 patent.

13 10. QOL is informed and believes, and on that basis alleges, that defendant Fleming
14 has infringed QOL's patent rights through Fleming's making, using, selling, importing and/or
15 offering to sell products such as CaloMist™.

16 11. QOL is informed and believes, and on that basis alleges, that defendant Fleming's
17 infringement has been willful.

18 12. Like QOL, defendant Fleming markets its CaloMist™ product by emphasizing the
19 benefits of a spray-based approach over intramuscular injections. The similarity of the marketing,
20 self-administration, and the treatment methodology of the CaloMist™ and Nascobal® products,
21 as well as other techniques employed by defendant Fleming to compete directly against QOL's
22 products, has allowed defendant Fleming to inappropriately usurp for its own benefit QOL's
23 investment in creating a market for, and physician awareness of, a spray-based vitamin B₁₂
24 product. The similarity of the products has also created market confusion, and a mistaken
25 impression that the products are interchangeable.

26 13. Not only does the market confusion created by defendant Fleming deprive QOL of
27 the benefit of its investment and of its patent rights, it could be harmful to patients. QOL's
28 Nascobal® product is indicated for administration by the patient once weekly, while defendant

1 Fleming's CaloMist™ nasal spray is administered once daily. Hence, patients confusing the two
2 products will either materially under or over administer the product. Either scenario could be
3 significantly detrimental to a patient's health and treatment.

4 14. The acts of defendant Fleming alleged herein have greatly damaged QOL, and
5 QOL will continue to be irreparably damaged unless defendant Fleming is enjoined by the Court.

6 **FIRST CLAIM FOR RELIEF**

7 **(INFRINGEMENT OF UNITED STATES PATENT NO. 7,404,489)**

8 15. Plaintiff incorporates by this reference the allegations of paragraphs 1 through 14,
9 as though fully set forth here.

10 16. This is a claim for patent infringement and arises under the patent laws of the
11 United States at Title 35 of the United States Code.

12 17. Plaintiff is informed and believes, and on that basis alleges, that Defendant,
13 through its agents, employees and others acting in concert with it, has been, and is currently,
14 willfully and intentionally infringing the '489 patent by making, using, selling, importing and/or
15 offering to sell products such as CaloMist™, that are covered by at least one claim of the '489
16 patent. Defendant's acts constitute infringement of the '489 patent in violation of 35 U.S.C. §
17 271.

18 18. Plaintiff is informed and believes, and on that basis alleges, that Defendant's
19 infringement will continue unless enjoined by this Court.

20 19. Plaintiff is informed and believes, and on that basis alleges, that Defendant has
21 derived and received, and will continue to derive and receive, gains, profits and advantages from
22 its acts of infringement in an amount that is not presently known to Plaintiff. By reason of
23 Defendant's acts of infringement, Plaintiff has been damaged and is entitled to monetary relief in
24 an amount to be determined at trial.

25 20. Because of Defendant's infringement, Plaintiff has suffered and continues to
26 suffer great and irreparable injury for which Plaintiff has no adequate remedy at law.
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SECOND CLAIM FOR RELIEF

(CALIFORNIA STATUTORY UNFAIR COMPETITION –

CAL. BUS. & PROF. CODE § 17200, *ET SEQ.*)

21. Plaintiff incorporates by this reference the allegations of paragraphs 1 through 20, as though fully set forth here.

22. Plaintiff has built valuable goodwill in its spray-based approach to vitamin B₁₂ therapy, and its Nascobal® product. Defendant's marketing, advertising and sale of its CaloMist™ nasal spray that is confusingly similar to Plaintiff's Nascobal® product permits Defendant to trade upon the goodwill of Plaintiff's product to confuse the public regarding the connection or affiliation between Plaintiff and Defendant. This conduct has and will continue to result in damage to Plaintiff's goodwill and reputation and the unjust enrichment of Defendant.

23. Through its marketing, advertising and sale of its CaloMist™ nasal spray that is confusingly similar to Plaintiff's Nascobal® product, Defendant misleads others and will continue to mislead others into assuming that the nasal spray products of Plaintiff and Defendant are interchangeable.

24. Defendant's marketing, advertising and sale of its CaloMist™ nasal spray that is confusingly similar to Plaintiff's Nascobal® product is without the consent of Plaintiff, and infringes Plaintiff's '489 patent in violation of 35 U.S.C. § 271.

25. By its conduct alleged herein, Defendant has engaged in unlawful, unfair, and/or fraudulent methods of competition, and unlawful, unfair or deceptive acts or practices in violation of § 17200 *et seq.* of the California Business and Professions Code.

26. Plaintiff is informed and believes and thereon alleges that unless restrained by this Court, Defendant will continue to infringe Plaintiff's '489 patent and continue fomenting confusion in the market place for nasal spray treatment of vitamin B₁₂ deficiencies.

27. As a result of Defendant's acts, Defendant has been and will continue to be unjustly enriched by profits which Defendant made in connection with its unlawful, unfair and/or fraudulent business practices in violation of § 17200 *et seq.* of the California Business and Professions Code.

THIRD CLAIM FOR RELIEF

(COMMON LAW UNFAIR COMPETITION)

28. Plaintiff incorporates by this reference the allegations of paragraphs 1 through 27, as though fully set forth here.

29. Plaintiff has built valuable goodwill in its spray-based approach to vitamin B₁₂ therapy, and its Nascobal® product. Defendant's marketing, advertising and sale of its CaloMist™ nasal spray that is confusingly similar to Plaintiff's Nascobal® product is likely to cause confusion, misrepresentation, and/or to cause mistake or to deceive the public as to the affiliation, approval, sponsorship or connection between Defendant and Plaintiff and constitutes unfair competition at common law.

30. As a result of Defendant's acts of unfair competition, Plaintiff has suffered and will continue to suffer damages, and Defendant has been unjustly enriched.

31. By reason of Defendant's actions, Plaintiff has suffered, and will continue to suffer, irreparable harm for which Plaintiff has no adequate remedy at law unless and until defendant is enjoined from continuing its wrongful acts.

32. Defendant's conduct in this cause of action is willful, wanton, malicious, oppressive, and in conscious disregard of Plaintiff's rights justifying the imposition of punitive and exemplary damages under California Civil Code § 3294.

PRAYER FOR RELIEF

WHEREFORE, plaintiff respectfully prays that judgment be entered in its favor and against defendants as follows:

(1) An Order adjudging Defendant to have willfully infringed the '489 patent under 35 U.S.C. § 271;

(2) A preliminary and permanent injunction enjoining Defendant, its officers, directors, agents, employees, attorneys, and those persons in active concert or participation with Defendant, from directly or indirectly infringing the '489 patent in violation of 35 U.S.C. § 271;

1 (3) That Defendant be required to deliver and relinquish to the Court any and all
2 products in their possession, custody, and/or control that infringe the '489 patent, including its
3 entire inventory of CaloMist™ nasal spray;

4 (4) That Defendant account for all gains, profits, and advantages derived by
5 Defendant's infringement of the '489 patent in violation of 35 U.S.C. § 271, and that Defendant
6 pay to QOL all damages recoverable under 35 U.S.C. § 284;

7 (5) An Order trebling damages and/or exemplary damages because of Defendant's
8 willful conduct pursuant to 35 U.S.C. § 284;

9 (6) An Order adjudging this case to be exceptional, and awarding QOL its reasonable
10 attorneys' fees under 35 U.S.C. § 285;

11 (7) That Defendant be required to account for and restore to QOL its profits lost by
12 reason of Defendant's unfair competition;

13 (8) An award to QOL of punitive damages under California Civil Code § 3294;

14 (9) An award of pre-judgment and post-judgment interest and costs of this action
15 against Defendant; and

16 (10) Such other and further relief as the Court may deem just and proper.

17 **DEMAND FOR JURY TRIAL**

18 Plaintiff hereby demands a trial by jury under Rule 38 of the Federal Rules of Civil
19 Procedure on all issues triable by a jury.

20 Dated: January 2, 2009

JONES DAY

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22 By: 

23 Jose L. Patiño

24 Attorney for Plaintiff
25 QOL MEDICAL, LLC
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8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**
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11 PAR PHARMACEUTICAL, INC., a
12 Delaware corporation,

Plaintiff,

13 vs.

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15 FLEMING & COMPANY,
16 PHARMACEUTICALS, a Missouri
corporation,

17 Defendant.

CASE NO. 09cv0001-LAB (JMA)

**ORDER RE: MOTION TO
TRANSFER UNDER 28 U.S.C. §
1404(a)**

[Dkt. No. 34]

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19 The Court heard oral argument on Fleming's motion to transfer on August 17, 2009,
20 and preliminary decided this case should not be transferred to the Eastern District of
21 Missouri. After reviewing supplemental briefs submitted by both parties and giving the
22 motion further consideration, the Court has changed its position. Transfer is appropriate,
23 and Fleming's motion is therefore **GRANTED**.

24 **I. Statement of the Case**

25 Fleming filed a motion to transfer this case to the Eastern District of Missouri on May
26 26, 2009. (Dkt. No. 34.) The motion was thoroughly – and quite competently – briefed, and
27 the Court heard oral argument on August 17, 2009. At the conclusion of oral argument, the
28 Court denied Fleming's motion without prejudice. The Court's position then, and its position
still, was that transfer under 28 U.S.C. § 1404(a) is a close call but, in the final analysis,